1: Longrigg G-4, 5 (ca. 1915-1940) MH1 Iraq MH1

Their solution must depend on the simultaneous and widespread working of forces of rural education, reliable security, sound land tenure and properly financed enterprise. Meanwhile, the annual locust campaigns in northern 'Iraq were developed jointly with neighbouring countries. Progress was made in hill-country tobacco-growing and treatment of the leaf on modern lines. Silk experiments continued, though with scant success. Cotton-growing was still restricted by unskilled cultivation and by pests. The produce of the great date-groves of southern 'Iraq was bringing difficult problems not only of improved culture but of organization and disposal, and civil war raged between growers and packers. Of the attempts at modern estate development (p. 17) none had yet succeeded. The projected Agricultural Bank could not, it was found, be inaugurated until clearer land-titles gave security for loans. The Asfar Concession was limited and revised to provide for the acquisition and development by the Company of the Latifiya estate, south of Baghdad; the Irrigation Department constructed the main canal at the Company's expense, and promising operations on the 65,000-acre area began under European management.

The main agricultural development of the time was that of river-side pump irrigation. This had been initiated before 1914 and moderately extended between 1920 and 1925. Aided by important fiscal privileges, it began thereafter to show remarkable increase, to the point of becoming a main feature of 'Iraq's economy. Installations in the liwās of Baghdad, Diwaniya, Kut, 'Amara, and Diyalā had by the end of 1930 brought the number of pumps to over 2,000, representing a million-acre increase of cultivable area. There was evident value in thus attracting capital to agriculture, utilizing the cheap oil available, exploiting the high-lying virgin lands, and avoiding the precarious chances of flood irrigation. But the development was not free from trouble. The attraction of cultivators to new lands rather diverted them from old than increased their numbers; improvement in yields, due to fresh lands and secure irrigation, was not matched by superior type or purity of crops. Estate management attempted by townsmen was sometimes short-sighted and uneconomic, and the hard times and low prices of 1930–1 brought ruin to many hopeful enterprises. These, moreover, jointly undertaken by an urban capitalist—often a Deputy or city notable—and a tribal shaykh or *sirkal*, were productive of puzzling difficulties of land tenure and rights. Neither the traditional occupancy of the tribe, nor the share claimed by the incoming capitalist, had any basis in law. Agreements between the parties often proved unworkable, and in practice did not always bring blessings to the cultivators. These conditions indicated, yet

for some time. Women have been employed so far only in exceptional cases. A new problem has been recently experienced in the high turnover of ordinary labour. Owing to the development of the oil industry in Kuweit and other Persian Gulf areas, and the high wages being paid there, many workers in Baghdad, and more still in the depressed farming areas, have been emigrating there. The turnover in the cotton textile industry of Iraq is estimated at 20 per cent of employed labour. 464

The main difficulty however lies in the shortage of skilled and semi-skilled labour. The vast amount of illiteracy among the population, and the failure to make elementary education compulsory has made it difficult to apply any system of apprenticeship successfully. Technical education provided by the State has so far been on a very limited scale - indeed, there are only three technical secondary schools in the whole of Iraq. Therefore a new industry has often first to train its own labourers and technicians, and this of course adds to costs. In the meanwhile, most industries are dependent on foreign technicians, experts, constructors, heads of sections, and foremen. The employment of foreign technicians no doubt is inevitable in the early stages of development, but it has its own drawbacks and burdens. Foreign skill demands higher rewards abroad than it would accept at home, the standard of skill obtained is often not the highest, service is often interrupted either by ordinary leaves, or illness or inability to fit in with local conditions. [212 871 874]

The lack of qualified labour also applies to the fields of administration, accounts, and management. Efficient clerks, typists, store-keepers, accountants and secretaries are in great demand and very few are available in Iraq. The inadequacy of State commercial education is no less than that of technical education. The scarcity of able management is a serious obstacle to the progress of industry. Those few who have entered the field of industry are mostly of the type of proprietor-manager (even in joint-stock companies managers are usually fairly large share-holders); while the members of boards of directors of industrial companies, (about twenty to twenty-five men) mostly have their own business or profession to attend to. No wonder they show reluctance to go into new enterprises. For one reason or another salaried managers have not made their way into industry, except in very rare cases. On the other hand foreign management, especially on the [658 874] 464 472 473

5:al Dalli S-5 (no date)1954 MHI Iraq MHI

464 production side, is quite common. Often foreign managers are
472 employed as experts on the basis of a monthly or annual salary,
473 sometimes with a commission in the form of a percentage of net profits. In one case at least production management is given to an independent foreign firm of engineers against a fixed annual payment. This so-called "managing agency system" has been recently introduced in Iraq and has not given rise to any complaints yet. The "system" however has resulted in many abuses in India where it is widely used, and it is now under investigation in that country.[1]

648 6. **Foreign Capital and Participation**: Except where foreign enter-
1157 prise has obtained a concession for the development of important
471 resources such as oil, or the supply of light and power as in the Baghdad area, there is very little foreign capital invested in industry as such. Foreign capital for reasons beyond the scope of our discussion has been invested in Iraq mainly in trade and commercial banking (short-term lending). It may be to the benefit of Iraq to induce foreign capital, and perhaps management, to participate in industry. One of the best ways to get the advantage of foreign technical skill and experience, and to bridge the gulf between the existing state of technique in Iraq and that attained by highly organised industry abroad, is to encourage foreign firms to establish branch factories in Iraq. Such branches would have their own capital and management in which Iraqi nationals and foreigners could join together on an agreed basis. It is possible that the limitation of market and geographical position may discourage foreign firms from taking this course. Some of them would require special concessions to induce them to come to Iraq. Many of them are perhaps ignorant of the possibilities that exist. And many others may require some guarantees as to: (a) the remittance of profits and repatriation of capital, (b) equal treatment with Iraqi capital and industry, (c) in case of nationalisation, fair and equitable compensation. In all these respects Iraqi practice in the past has been quite generous, but there is no legislation
647 which clearly defines government policy toward foreign enter-
656 prise. The Law for the Encouragement of Industry (1950) stipu-
471 lates that 55 per cent of the capital should be owned by Iraqi

[1] *The First Five Year Plan, Draft Plan.* Government of India, Planning Commission, July 1951, p. 161.

241 commercial crops in the rain-fed zones of the north; dates, cereals and cotton, in the south. The date-palm groves in the irrigated lands along the Shatt al Arab and the Euphrates rivers, and in scattered areas along the Tigris, furnish almost one third of the 233 world's supply of dates. Sheep, goats, cattle and other livestock are raised in large numbers by the nomadic and the seminomadic 439 peoples. The chief agricultural exports are dates, barley and other grains, cotton, wool, hides and licorice: this last-named item grows wild in many localities in the south. 242 The government is promoting the adoption of modern methods of farming and animal husbandry and the expansion of irrigation facilities. It operates special agricultural schools and experimental farms in different parts of the country, as well as a date research station near Basra. Within the last few years it has initiated settlement and demonstration projects on state lands at Dujayla, near Kut; at Shahrizor, near Sulaimaniya; at Huwaija, near Kirkuk; and at Sinjar, near Mosul.

125 With the exception of the oil reserves, the mineral resources of Iraq are negligible. Small deposits of lignite, gypsum, sulfur and other minerals are known to exist in the north, while salt beds are found in widely 472 distributed areas. Industrial development is 438 slight, in spite of the impetus supplied by the shortage of materials during the recent war years. Small craft industries flourish in the urban centers, and a few modern factories have been established in Baghdad and Mosul for the processing of local products. These consist primarily of plants for the manufacture of textiles, cement, bricks, distilled liquors, soaps and cigarettes.

135 The petroleum industry has expanded rapidly since the discovery of oil, in 1927, at Baba Gurgur, in the Kirkuk region. The reserves, which are reputed to be among the richest in the Middle East, provide a pri- 471 mary source of wealth for the country. The Iraq Petroleum Company holds concessions, originally granted in 1925, covering the lands east of the Tigris River and north

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